

## GENERAL FUND SUMMARY, 2018

The General Fund for Bayfield County in 2018 includes 23 Departments. The General Fund is the largest of county funds and is separate and distinct fund from the Human Services or Highway funds.

56% of the 2018 county tax levy is allocated to General Fund Departments this includes large transfers to multiple funds including CIP, Highway, Fleet and the Business Park Fund.. This percentage is down 1.5% from 2017. The average over the past four years is: 57%. The 1% reduction is due to the increase in the overall levy going to other funds.

The General Fund in 2018 will account for 53% of overall county spending, very similar to 2017. Here are the figures over the past several years:

2016: 50%

2015: 50%

2014: 50%

2013: 53%

2012: 52%

The General Fund is non-lapsing, meaning that revenues exceeding expenditures in any one year remain in this fund. Likewise, if there is a deficit, funds come from the General Fund balances. The General Fund is also the repository of excess revenues from most other funds. Exceptions to this include Highway, internal funds such as the Motor Pools, dedicated funds such as Housing, HRA Trust, Jail Assessment, as well as several Non-Lapsing line items. **This is why expenditures of excess revenues or fund balances transfers originate in the General Fund.**

### EXPENDITURE SUMMARY

Expenditures in the General Fund are projected at \$17,423,094 a \$1,132,787 increase over 2017. This increase is the result of:

- \$200,000 in new positions
- \$108,000 Hydro Atlas Project Grant
- \$300,000 in health insurance adjustments
- \$200,000 annual wage and cost of living adjustments
- \$250,000 in transfers for Fleet and Business Park.
- \$126,000 increase in contingency to replenish Human Services Risk Reserve.

Brief expenditure details at the top of each department section are written by the county administrator not the department head. The remainder of the narrative however is prepared by the department head. This intro section reflects an overall summary of the proposed budget it includes modifications made. Budget changes made by the County Administrator and County Board can be seen on the spreadsheets by noting the difference between the **Department, County Administrator and County Board** Columns. Each department has included a summary in addition to a list of 2017 accomplishments and 2018 goals.

## **REVENUE SUMMARY**

Revenues for the General fund (exclusive of taxes) are estimated at \$11,985,074, up \$1.16 million over 2017, which was also up \$1 million from the previous year. Forestry, grants and fund balance make up a major part of this increase.

Revenues to the General Fund come from six primary sources: Property Taxes, State Revenues, User Fees, Grants, Interest earnings and Sale of Wood from the County Forests.

## **KEY REVENUE SOURCES**

### **Property Taxes**

Property taxes are based on the assessed value of a property. Each municipality is responsible to comply with State regulations ensuring that assessed values reflect actual property values. In the early part of the decade property values increased dramatically because of increased demand for wooded, lakeside and lake view properties. While property values increased, the county strived to keep levied funds to a minimum. Because of increases in valuation, the county's mill levy dropped to an all-time low of 3.2 mills in 2009 and 2010. In the last five years however the mill rate has climbed slightly primarily due to declining and stagnant valuations. The proposed *average* levy of 3.83 mills in 2018 is up .09 mills from 2017.

For the past several years Bayfield County has experienced property value declines totaling over 8%. As valuations decline, mill rates increase if the amount levied is kept the same. Eight years of valuation changes in percentages, from one year to the next are shown below.

### **EQUALIZED VALUATION CHANGE**

2011	-2.16%,
2012	-4.08%
2013	-2%.
2014	0%
2015	-1%
2016:	2%
2017:	0%
2018:	0%

## **SALES TAX**

Bayfield County instituted a .5% sales tax in April of 1991. Sales tax revenues are a major source of support of the general fund, contributing approximately 3.5% of total expenditures. In 2017 the estimate is \$1,079,000. Visitors and residents of Bayfield County pay sales tax with every purchase except for food. The six-year trend, 2011 – 2016 shows an increase per capita from \$59.10 to \$68.76 in 2016 as shown below:

The top five sales tax contributors in Bayfield County, reported by the Wisconsin Department of Revenue, by business codes in 2013 and 2016 were:

### Sales Tax Sources:

	2013	2016 ytd	
Retail Trade:	37%	38%	INCREASE
Accommodation and Food:	13%	12%	DECREASE
Information/Telecommunications:	10%	12%	INCREASE
Construction:	5%		
Arts/Entertainment/Recreation	4%		
Wholesale		8%	
Other	31%	30%	DECREASE

Detailed State NAIC codes are shown below for 2016. Suppressed categories are those with not enough filers to protect taxpayer confidentiality.

Naics2	Description	countysalesusetax	Filers
11	Agriculture, Forestry, Fishing and Hunting	1,303	19
21	Mining, Quarrying, and Oil and Gas Extraction	Suppressed	Suppressed
22	Utilities	66,342	11
23	Construction	34,509	105
31	Manufacturing	30,626	450
42	Wholesale Trade	56,073	525
44	Retail Trade	378,738	1,494
48	Transportation and Warehousing	4,063	13
51	Information	92,264	204
52	Finance and Insurance	2,325	44
53	Real Estate and Rental and Leasing	20,097	94
54	Professional, Scientific, and Technical Services	21,444	170
55	Management of Companies and Enterprises	9,251	11
56	Administrative and Support and Waste Management and Remediation Services	11,973	74
61	Educational Services	1,231	14
62	Health Care and Social Assistance	Suppressed	17
71	Arts, Entertainment, and Recreation	25,961	48
72	Accommodation and Food Services	151,216	176
81	Other Services (except Public Administration)	39,227	241
92	Public Administration	Suppressed	Suppressed
99	Not Reported	35,796	168
Grand Total		987,281	3,889

Year to date sales tax reports by industry class in **2017** are shown below with RETAIL, OTHER AND ACCOMODATION/FOOD SERVICES remaining the top three.

Wisconsin Department of Revenue Division of Research and Policy 2017 County Sales Tax by Industry									
The following worksheet shows county sales taxes by industry as reported by filers. Certain industries are omitted or suppressed to protect taxpayer confidentiality. Indt									
County Name	N2-Description	January	February	March	April	May	June	July	August
Bayfield	0 Other	13,865	11,263	12,460	14,486	20,360	22,314		
	42 Wholesale Trade	3,578	3,212	3,393	6,171	4,742	5,736		
	44 Retail Trade	20,039	21,505	28,734	28,687	36,484	41,432		
	51 Information	7,856	7,037	6,876	6,692	7,643	8,752		
	72 Accommodation and Food Services	5,699	7,554	5,429	6,056	10,092	17,413		
	81 Other Services (except Public Administration)	2,118	2,208	2,678	2,116	2,610	3,930		
	99 Not Reported	888	1,288	1,239	1,300	2,443	4,658		
Bayfield Total		54,043	54,067	60,809	65,508	84,374	104,234		

Bayfield County has historically had the lowest *per capita* COUNTY sales tax collection in the five county region. This is increasing however. In 2011 Bayfield County was

\$10.44 below the state per capita average, in 2016 Bayfield County is \$7.32 below the state average. In 2011 Bayfield County collected \$59 per person in sales tax, in 2016 this was up nearly \$10 to \$68.76, a slight drop from 2015. The breakdown by surrounding counties is shown below:

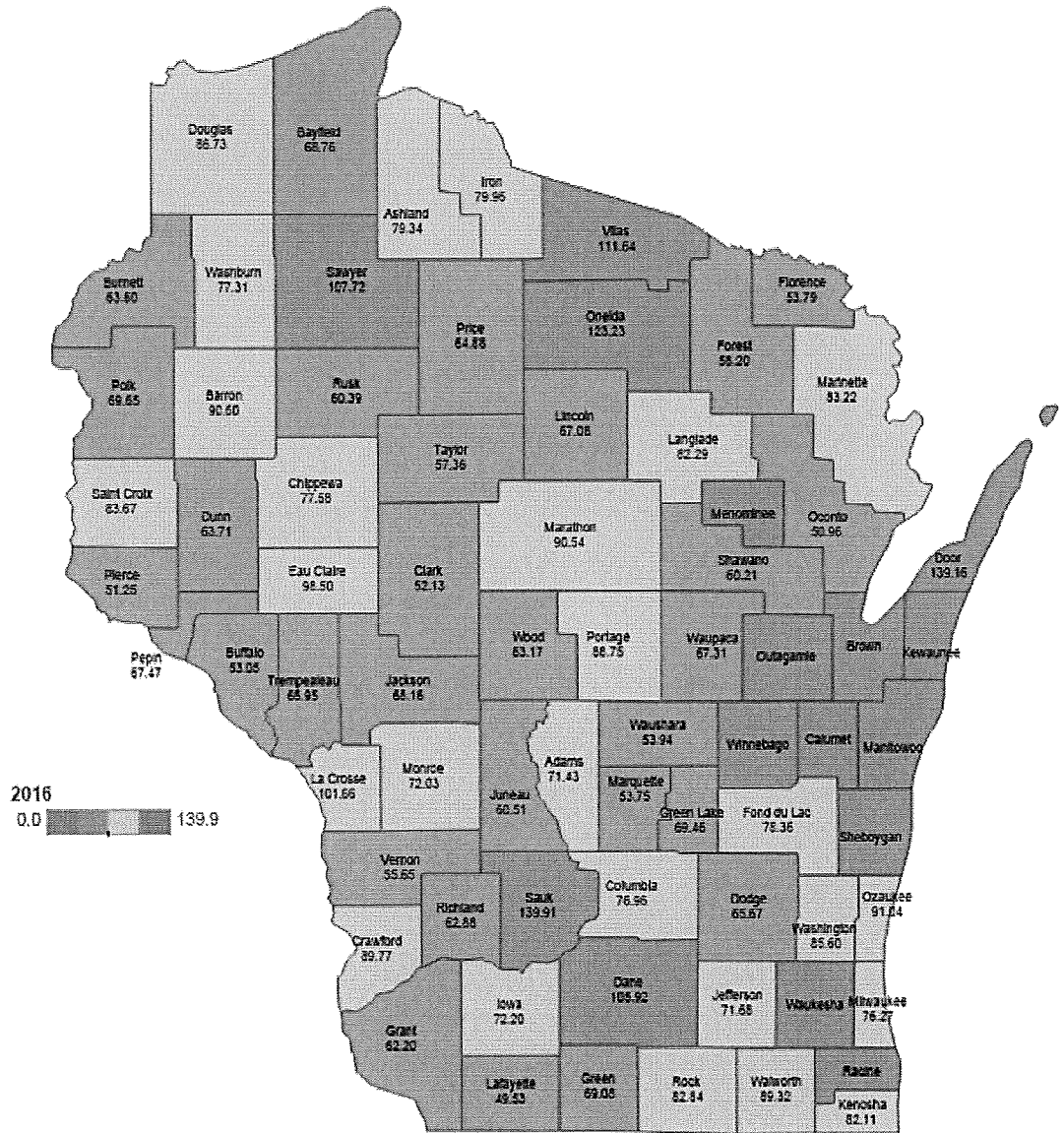
NW Wisconsin County Sales Tax Per Person, 2011-2016

COUNTY	2011	2012	2013	2014	2015	2016
Ashland	64.92	69.76	70.89	78.37	79.79	79.34
<b>Bayfield</b>	59.08	62.11	66.91	68.12	69.97	68.76
Douglas	71.30	75.23	81.67	95.86	97.37	86.73
Iron	66.03	68.94	69.32	73.57	74.77	79.96
Sawyer	80.48	87.32	88.44	102.11	110.74	107.72
Statewide County Sales Tax	69.52	70.82	73.17	79.17	77.76	\$76.08
State Sales Tax	72.00	75.69	78.74	80.91	84.37	\$88

Across the state the rate per county goes from a high of \$135 per person in Sauk County to a low of \$45 in Oconto County. In addition there are nine counties with no sales tax.

The County Comparison is shown below on the State Map. This compares rates in 2016. Bayfield County collections dropped \$1.21 per person in 2016 vs. 2015. The state average is \$76.08 in 2016.

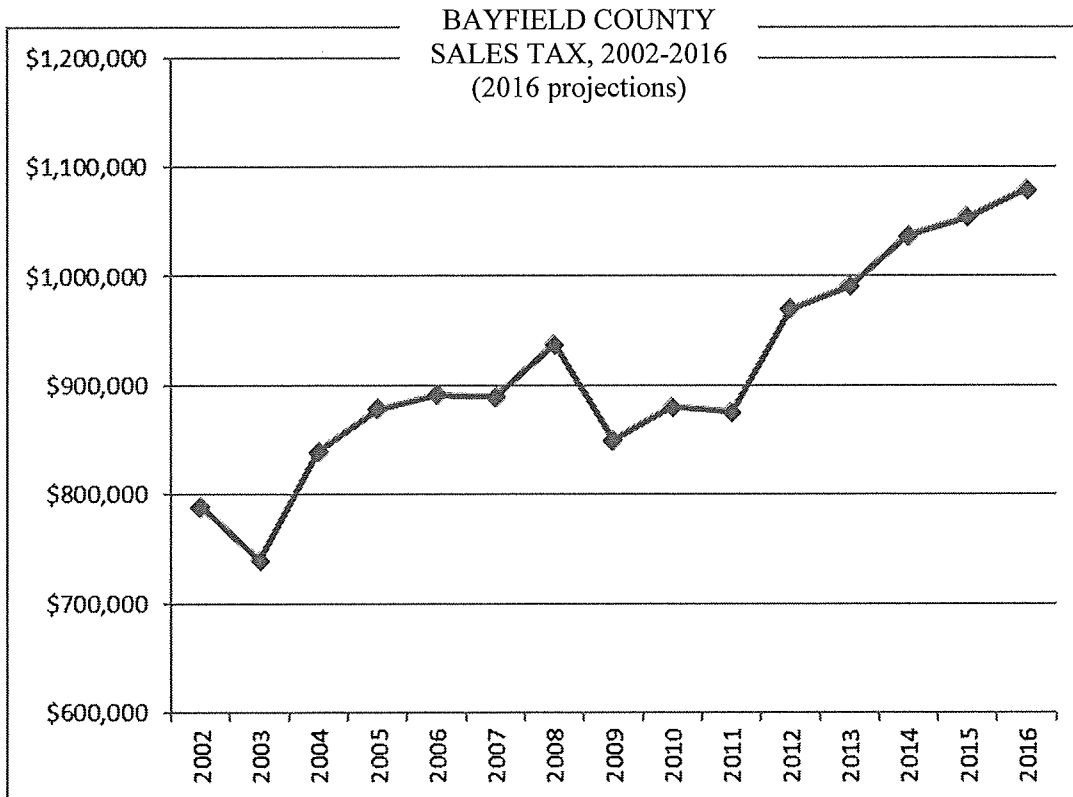
# COUNTY SALES TAX COLLECTIONS PER CAPITA 2016



Source, 2017 State and Local Sales and Use Tax Report,

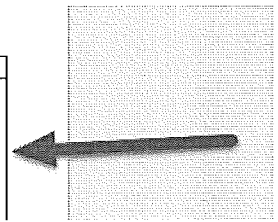
### PER CAPITA SALES TAX IN \$

Bayfield County adopted a sales tax ordinance in 1991. By statute, the County imposes a .5% sales or use tax on retail sales, which are not otherwise exempt by state statute. The tax is collected by retailers and forwarded to the State. In turn, the state calculates the tax collected in each county and forwards a check to the county. The purpose of sales tax is to reduce the property tax levy. Currently 56 of Wisconsin's 72 counties impose a sales tax.



### LOCAL SALES TAXES PER CAPITA, 2005 – 2016

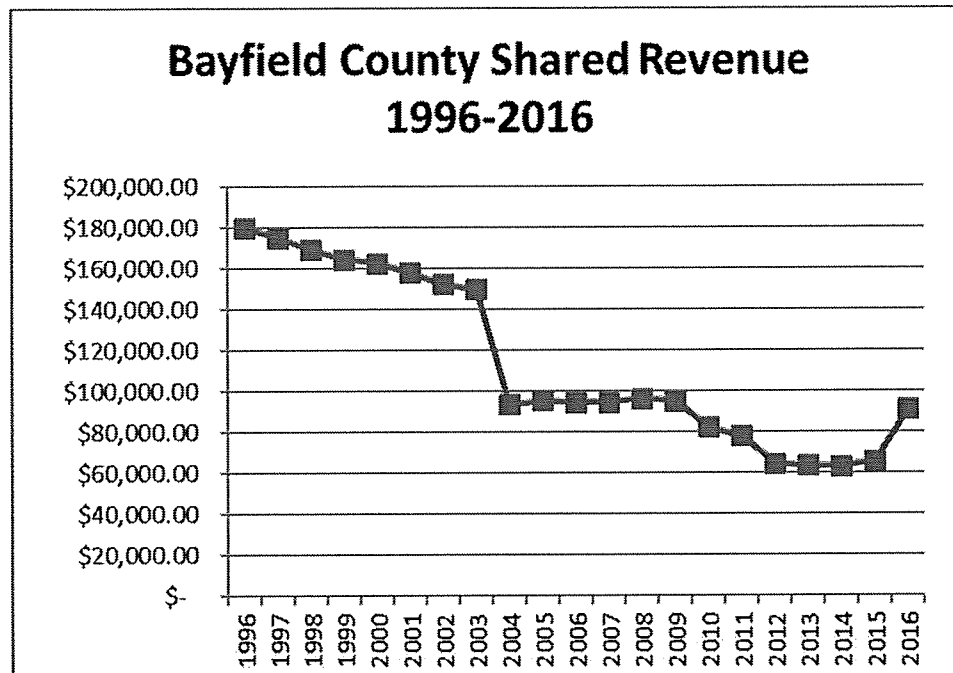
County	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Adams	48.64	51.38	58.19	52.31	50.16	55.41	56.41	61.33	60.60	66.03	68.44	71.43
Ashland	58.83	67.30	68.41	71.43	67.03	66.76	64.92	69.76	70.89	78.37	79.79	79.34
Barron	72.90	73.84	70.04	71.16	65.97	69.42	74.47	77.76	77.15	88.21	92.98	90.60
Bayfield	52.21	55.48	55.99	57.45	53.54	56.81	59.08	62.11	66.91	68.12	69.97	68.76
Brown	86.78	82.73	84.43	86.02	79.60	77.99	84.10	84.27	91.16	97.45	83.49	
Buffalo	38.20	42.63	42.17	43.52	39.63	42.26	44.41	44.36	46.27	55.70	55.59	53.05
Burnett	50.23	50.00	49.31	52.06	47.21	51.29	53.22	55.18	53.38	59.67	60.47	63.60



### REVENUE SHARING:

\$154,000 was budgeted for State Revenue Sharing in 2002 since then the trend has been downward for Bayfield County. Firm estimates from the State were not available at the time of this publication but are usually available by late September. The 2018 estimate is \$90,000, no change from 2017.

State shared revenues are derived from the State's portion of sales taxes. The formula used to make this calculation includes per capita population, valuation and levies.



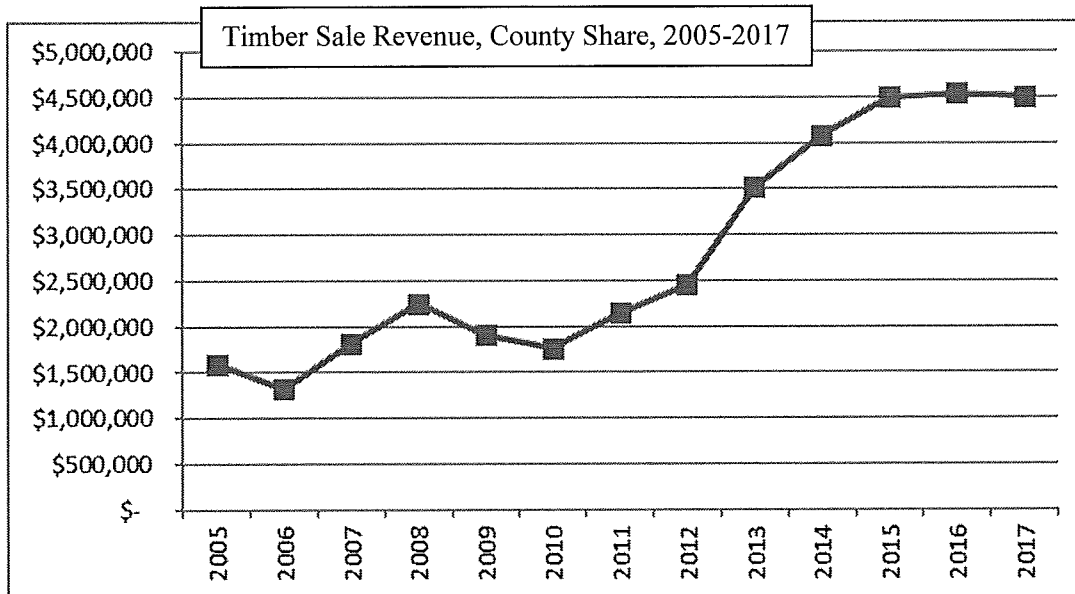
#### **TIMBER SALES:**

Bayfield County owns over 171,000 acres of forested lands in the county. In 2018 timber sales are projected to generate approximately \$1.879 million (over expenses) or 35% of the General Fund base operating levy in 2018, this is a conservative number.

Sale of wood occurs on a three-year term, this allows loggers time to cut the wood over a period of time. It also means that market fluctuations or forest wide variations may take several years to completely impact revenues. In 2018 revenues will be coming in from bids in 2016, 2017 and 2018.

Overall county timber proceeds have exceeded estimates by over a million dollars. Annually. These overages are used for capital projects the following year. Conservative estimates on forestry revenue projections are appropriate due the potential for market fluctuations. Severe market trends however are softened due to the three-year time period for timber sales.

Timber revenues for the past 12 years are shown in the chart below:



Past timber sales are a good indicator of future revenue streams. Detailed analysis is available in the Forestry section.

### **USER FEES**

User fees are an important source of revenue for the county. User fees require the people who are directly benefiting from the service to pay all or a portion of the cost. Examples with the county include; permit fees in zoning, document fees in the Register of Deeds Office, license fees at the sheriff's office, jail huber fees, gate receipts at the fair and license fees in the County Clerk's office. Over the past several years' user fees revenues have dropped in multiple departments as construction and land purchases dwindle. We are hoping to be approaching a solid upturn.

Estimates for Planning and Zoning fees are up \$15,000 from last year, to \$210,000. Fees in the Register of Deeds office are estimated to increase by \$2000, about 2%.

Fee increases are evaluated regularly across county departments. The intent is to have users pay a share of the cost. For example in the Planning and Zoning Department the goal is for users of the office to pay 70% of the cost of a permit. The proposed budget in 2018 has all user fees (\$216,850) covering 46% of the department expenses (\$470,605), up 3% from 2017.

### **GRANTS**

Grants can be for a specific one-time project such as lighting, well testing, energy upgrades, road projects, conservation practices, snowmobile bridges, etc. Grants can be one year but often extend over several years. Annual allocations from the State for Snowmobile and ATV trails maintenance are dependent on the number of miles of State approved trails. Health, Human Services, Child Support, the Courts, Sheriff and Land Conservation departments receive a variety of grants that provide operating support for state programs.

## INTEREST EARNINGS

Beginning in 2011 the county partnered with Bremer Bank's Trust Department for secure municipal bond and mortgage backed security investments. These provide security of public funds while returning a higher interest rate. The county authorized \$3,000,000 (25% of the counties balances) to be invested for up to a maximum duration of four years with a three-year average. Bond yields are locked provided they are held to maturity which is the county's practice. Earnings have been just under 1%, at least double other investment alternatives.

Over the past year the County has been moving away from the above Trust investments and back towards CDs as interest rates rise. The use of a blanket Letter of Credit in lieu of traditional collateral has lowered bank expenses and allowed for increased interest rates. This is also known as CDARS (a distributed CD in larger denominations that have higher returns). Interest earnings are projected to climb to \$138,300, the highest in the past several years. Below is the chart for interest earning, \$75,000 is estimated for 2017.

100-12-48110 (General-Treasurer-Interest Income )

Classification Misc Revenues, Interest income

